

AMENDED IN SENATE JUNE 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1132

Introduced by Assembly Member Eggman

February 22, 2013

An act to amend Sections 14325, 14903, 15053, and 15061 of the Food and Agricultural Code, relating to ~~commercial feed agriculture~~, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1132, as amended, Eggman. ~~Commercial feed: license fee: inspection tonnage tax. Agriculture: livestock drugs and commercial feed.~~

Existing law regulates the sale of livestock drugs by the Secretary of Food and Agriculture, and prohibits a person from selling a restricted drug at retail unless he or she holds a license. Existing law establishes a license renewal fee of \$25 per year, and provides for an additional penalty of \$10 if the fee is not paid by the required date. The funds collected are deposited into the Department of Food and Agriculture Fund, and are continuously appropriated for purposes of the provisions regulating livestock drugs.

This bill would increase the amount of both the renewal fee and the penalty fee to \$50. By increasing the fees deposited into a continuously appropriated fund, the bill would make an appropriation.

Existing law requires the secretary to establish, by regulation, good manufacturing practices as are necessary to carry out the purposes of the provisions regulating commercial feed.

This bill would also require the secretary to establish regulations for hazard analysis and preventive control measures as are necessary to carry out those provisions.

Existing law requires that a license be obtained from the ~~Secretary of Food and Agriculture~~ *secretary* for each location where commercial feed is manufactured, distributed, sold, or stored for later sale. Existing law requires each license application to be accompanied by an annual fee specified by the Department of Food and Agriculture for each location of at least \$100, but not exceeding \$600, with the specific fee to be set by the secretary upon recommendation of the Feed Inspection Advisory Board. Beginning on January 1, 2015, the license fee is required to be \$100 for each location. The funds collected are deposited into the Department of Food and Agriculture Fund and are continuously appropriated for purposes relating to the manufacture and distribution of commercial feed.

This bill would extend the date on which the new fee requirement of \$100 for each location would take effect from January 1, 2015, to January 1, 2020. By extending the time during which a higher license fee may be applied, the bill would increase the fees that are deposited into a continuously appropriated fund, thereby making an appropriation.

~~(2) Existing~~

Existing law establishes an inspection tonnage tax for commercial feed, as specified, with a maximum rate of \$0.15 per ton. The funds collected are deposited into the Department of Food and Agriculture Fund, and are continuously appropriated for purposes of the provisions regulating commercial feed. Existing law, until January 1, 2015, authorizes the secretary to designate a specified amount of the tonnage taxes collected to provide funding for research and education regarding the safe manufacture, distribution, and use of commercial feed.

This bill would extend the secretary's authority to designate a specified amount of the tonnage taxes collected for those purposes from January 1, 2015, to January 1, 2020. This would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature. By extending the purposes for which funds in a continuously appropriated fund may be spent, the bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 **SECTION 1.** *Section 14325 of the Food and Agricultural Code*
2 *is amended to read:*

3 14325. The fee for the renewal application for a license is
4 ~~twenty-five dollars (\$25)~~ *fifty dollars (\$50) per year. It is year,*
5 *payable on or before January 31st 31 of each year. If it is the fee*
6 *is not so paid paid by that date, a penalty of ten dollars (\$10) fifty*
7 *dollars (\$50) shall be added to the fee.*

8 **SEC. 2.** *Section 14903 of the Food and Agricultural Code is*
9 *amended to read:*

10 14903. The ~~director~~ *secretary* shall establish, by regulation,
11 ~~such~~ *good manufacturing practices, hazard analysis, and preventive*
12 *control measures as the secretary determines are reasonably*
13 *necessary to carry out the purposes of this chapter. The good*
14 *manufacturing practices regulations for, hazard analysis, and*
15 *preventive control measures, including verification and validation*
16 *activities for all commercial feed and additives, including*
17 *medicated feed premixes and medicated feeds, shall be based upon*
18 ~~those established pursuant to the federal food and drug laws and~~
19 ~~regulations, unless the director~~ *secretary determines that such the*
20 *federal laws and regulations are not appropriate to the conditions*
21 ~~which that~~ *exist in this state. The regulations adopted pursuant to*
22 *this section shall assure ensure that drug usage under this chapter*
23 *shall not conflict with the provisions of Chapter 4 (commencing*
24 ~~with Section 14201) of this division. 14200).~~

25 **SECTION 1.**

26 **SEC. 3.** *Section 15053 of the Food and Agricultural Code is*
27 *amended to read:*

28 15053. (a) Each application for a license shall be accompanied
29 by an annual fee specified by the department for each location.
30 Beginning on January 1, 2007, the minimum license fee shall be
31 one hundred dollars (\$100) for each location and the maximum
32 license fee for each location shall not exceed six hundred dollars
33 (\$600) for each location with the specific fee to be set by the
34 secretary upon recommendation of the Feed Inspection Advisory
35 Board. Those licensees with feed licenses on the effective date of
36 the bill who have previously paid their license fees for the then
37 current fiscal year shall not be subject to any new fees until their
38 licenses are renewed. Beginning January 1, 2020, the license fee

1 shall be one hundred dollars (\$100) for each location. Those
2 licensees with feed licenses on that date who have previously paid
3 their license fees for the then current fiscal year shall not be subject
4 to any new license fees until their licenses are renewed.

5 (b) Revenues generated from license fees shall be used to
6 replenish feed inspection program reserves to a minimum of 25
7 percent of program expenditures, after which point some of the
8 revenues from these fees shall be used to reduce feed tonnage taxes
9 provided for in this chapter upon recommendation of the Feed
10 Inspection Advisory Board.

11 ~~SEC. 2.~~

12 *SEC. 4.* Section 15061 of the Food and Agricultural Code, as
13 amended by Section 74 of Chapter 328 of the Statutes of 2010, is
14 amended to read:

15 15061. (a) An inspection tonnage tax at the maximum rate of
16 fifteen cents (\$0.15) per ton of commercial feed sold, except whole
17 grains, and whole hays when unmixed, shall be paid to the secretary
18 by any person who distributes commercial feed to a
19 consumer-buyer in this state. The distributor shall also pay an
20 inspection tonnage tax for purchased commercial feed fed to his
21 or her own animals.

22 (b) The secretary may, based upon a finding and
23 recommendation of the Feed Inspection Advisory Board, determine
24 the specific rate necessary to provide the revenue needed to carry
25 out the provisions of this chapter. The secretary and the Feed
26 Inspection Advisory Board shall not exceed the maximum tonnage
27 rate established by this section. Setting the tonnage tax rate shall
28 not be subject to Chapter 3.5 (commencing with Section 11340)
29 of Part 1 of Division 3 of Title 2 of the Government Code.

30 (c) The secretary may, based upon a finding and
31 recommendation of the Feed Inspection Advisory Board, designate
32 15 percent of the tonnage taxes collected, or two hundred thousand
33 dollars (\$200,000), whichever amount is greater, to provide funding
34 for research and education regarding the safe manufacture,
35 distribution, and use of commercial feed. These funds may only
36 be spent on activities approved by the Feed Inspection Advisory
37 Board, with approval being made before any expenditure.

38 (d) This section shall remain in effect only until January 1, 2020,
39 and as of that date is repealed, unless a later enacted statute, that
40 is enacted before January 1, 2020, deletes or extends that date.

1 ~~SEC. 3.~~

2 *SEC. 5.* Section 15061 of the Food and Agricultural Code, as
3 amended by Section 3 of Chapter 245 of the Statutes of 2009, is
4 amended to read:

5 15061. (a) An inspection tonnage tax at the maximum rate of
6 fifteen cents (\$0.15) per ton of commercial feed sold, except whole
7 grains, and whole hays when unmixed, shall be paid to the secretary
8 by any person who distributes commercial feed to a
9 consumer-buyer in this state. The distributor shall also pay an
10 inspection tonnage tax for purchased commercial feed fed to his
11 or her own animals.

12 (b) The secretary may, based upon a finding and
13 recommendation of the Feed Inspection Advisory Board, determine
14 the specific rate necessary to provide the revenue needed to carry
15 out the provisions of this chapter. The secretary and the Feed
16 Inspection Advisory Board shall not exceed the maximum tonnage
17 rate established by this section. Setting the tonnage tax rate shall
18 not be subject to Chapter 3.5 (commencing with Section 11340)
19 of Part 1 of Division 3 of Title 2 of the Government Code.

20 (c) This section shall become operative on January 1, 2020.